ETHICAL LEADERSHIP

IN COMMAND

WHY IT MATTERS

The question and subject of ethics has probably taxed the human race ever since the first early humans banded together to form tribal groups under emergent leaders. The word 'ethics' is derived from the Greek *ethos,* which roughly translates as conduct, character or customs and the early thinkers who developed the ideas of ethical conduct were the likes of Plato (427-347 BC) and Aristotle (384-322 BC). Virtually ever story told has an aspect of good versus evil; both the Bible and the Koran are basically stories of how good triumphs over evil, as are most children's fairy tales (and even today's Hollywood films).

In war, the basic goal is to close to contact with and defeat the enemy in the battle-space but it is not done without a code of ethics. For the western world this stems from the laws of conflict that were written down in the *Summa Theologica* by St Thomas Aquinas in the 13th Century. His basic premise was that in order to be considered right and just, a state must have a legitimate right to wage war – *jus ad bellum* – 'the right to war'. The conduct of armies in warfare was determined by the doctrine of *jus in bello* which literally means 'rights in war'.

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These doctrines hold today and form the basis of the Geneva Convention, which is one of the many considerations that commanders must take into consideration when applying the 10 principles of war and are often referred to as the rules of engagement. Of course, the problem with ethics is that what you see depends on where you sit; i.e. although every society has its own codes of ethics what happens when these ethics don't match? In these situations strong leadership is paramount; it's one thing to have a code of ethics but another to actually follow it, often in the face of strong emotions. How often have articles been written that decry the Armed Forces having to fight 'with one arm tied behind their backs' because the enemy uses underhand and guerrilla tactics, which are at odds with the Geneva Convention.

This is the leader's dilemma: one cannot abandon one's ethics and codes of conduct just because the enemy doesn't fight fair; to do so would lead to a breakdown in one's own force and anarchy would result. Of course, the enemy leader thinks that they are fighting fair as well but may seek to exploit the perceived weaknesses shown by the other side's strict rules of engagement.

There are many similarities between armed conflict and the business world. The basic premise is obviously to defeat competitors in the business-space but, in a similar situation to armed conflict, there is not a 'one size fits all' global code of ethics for business. What is quite acceptable in one culture or society may not be reflected in another. In seeking to gain the advantage of competitors companies may be tempted to either bend the rules of exploit loopholes to their

advantage but how far is it right to go? Enron, LIBOR, the Banking Crisis, Deepwater Horizon, horsemeat, the list goes on but all the major companies involved in these various 'scandals' had at least two things in common: they all had a code of ethics and they all had leaders. Why then did these situations occur?

Surely any organisation that has strong leadership and a sound ethical basis should not find itself in a situation where its integrity is called into question. In these cases there must have been a breakdown in the fundamentals of leadership, ethics or both but identifying why that breakdown occurred is not straightforward.   Any large corporation has many stakeholders that it needs to satisfy: clients, suppliers, customers or even environmental groups and they may be further governed by overarching laws and procedures that dictate, to a certain extent, their freedoms and constraints. Examples of such laws and rules may be lawyer/client or doctor/patient confidentialities, financial services rules etc.

Surprisingly, the studies into ethics and leadership – let's call it *ethica ductu* - only really began in the mid 1990s. In his book about the theory of leadership and practice Peter Northouse wrote that when applied to leadership ethical theories fall broadly into 2 categories: theories regarding leaders' conduct and theories regarding leaders' character and further subdivides this aspect into 3 categories of moral conduct:

- *Ethical Egoism.* *This is where an individual (or a company) make decisions and act to maximise the returns from that decision. This could be profits or reputation etc. Ethical egoism is therefore related to self-interest and as such is linked to a highly transactional leadership style, which is based on giving and receiving rewards in return for performance.*
- *Ethical Utilitarianism.* *This theory deals with the desire to create the greatest good for the greatest number of people, maximising social benefits and benefits to the environment etc while minimising costs to those same entities.*
- *Ethical Altruism.* *This is the exact opposite of ethical egoism and suggests that actions are moral if they maximise benefits to others rather than the individual or company.*

Ethical altruism is mostly applicable to those who work tirelessly for little reward but for the benefit of others, charity workers, volunteer doctors for *Medicine Sans Frontiers* and Mother Theresa are probably good examples. It is probably fair to say that most people in the competitive world of business are in the ethical egoism school but what is interesting is that looking at various company mission statements they seem to reflect a doctrine based on ethical utilitarianism, i.e. they mention how they will protect the environment and intend to work for the greater good.

A few years ago I took out a motor insurance policy based on the insurance company's promise of a no quibble system in the event of a claim. I wasn't too bothered about the price of the insurance but what I wanted was peace of mind that should I or my family ever require the services for which I had paid they would be given freely and without question. My car was damaged in a supermarket car park: no problem I thought but when it came to making a claim the insurance company tried all sorts of tricks to avoid paying the claim or providing any of the assistance that I had paid for; only the threat of legal action eventually solved the claim. Further research showed that I was not alone; many other customers had difficulty getting claims and assistance processed. The ethical point is that as a customer I had paid for a service that I didn't get. No company is going to be very successful if its selling point is that in the event of a

customer requiring its services it will make it as difficult as possible to access those services but nor should a company make a promise if it has no intention of honouring it. That company will not get my business again.

These theories still do not explain what occasionally makes leaders abandon their ethical responsibilities and for an explanation of this we have to look further into the psychology of competition: how leaders see themselves operating is a fundamental tenet of this issue, ie do leaders see themselves as doing anything wrong by either ignoring or bending ethics in order to gain advantage over their rivals? In his paper *Armed Robber and Corporate Crook: Similar Mentalities*, S E Samenow states: "*Despite possible differences in educational and socio-economic background and an obvious difference in the manner in which they execute their crimes, the mentality of a person who robs a bank and a corporate executive who perpetrates fraud is the same. Both pursue power and control at the expense of others. Both are able to shut off considerations of consequences and conscience long enough to do what they want. Neither has an operational concept of injury to others. Neither puts himself/herself in the place of others*" and concludes that the only difference between the two is the modus operandi – the thought patterns are the same.

WHAT WE MUST CONSIDER

So, what's the answer? Given that people have been researching ethics for hundreds of years there may not be one clear answer but perhaps we need to find common ground that transcends the cultural spectrum. Perhaps going back to basics might be a good starting point, George Orwell wrote: "*In a time of universal deceit, telling the truth is a revolutionary act.*"

All cultures recognise the difference between truth and lies; stealing is wrong in all cultures. Parents teach their children some form of ethics from an early age and so most people develop a fundamental understanding of what is right and what is wrong and so it is easy to see how the basics of law and order were derived and so formed the early basis for ethics.

Perhaps organisations should actively promote their ethical values that are grounded in the basics of right and wrong; be revolutionary and tell the truth. A good starting point may be the ethical code and mission statement from the United States Military Academy at West Point which simply states: "*A Cadet will not lie, cheat, or steal, nor tolerate those who do*". At first glance this simple statement ought to be a good start for any company wishing to publish a code of ethics.